

Message Text

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14-12

ORIGIN EB-01

INFO OCT-01 EUR-01 ISO-00 EA-01 /004 R

66613

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APPROVED BY: EB/TT/MA:RKBANK

EA/ANP:HLANGE (INFO)

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R 141919Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

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FOLLOWING REPEATS CANBERRA 1170 ACTION DEPT INFO ATHENS BONN
BRISBANE EC BRUSSELS MELBOURNE MONROVIA OECD PARIS OSLO PANAMA
PERTH STOCKHOLM SYDNEY TOKYO WELLINGTON FEB 21ST

QUOTE

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E.O. 11652: N/A

TAGS: EWWT, ENRG, AS

SUBJ: GOA REQUIREMENT FOR 40 PERCENT OF

OIL IMPORTS IN AUSTRALIAN TANKERS

REF: (A) STATE 24492; (B) CANBERRA 497 NOTAL; (C) CANBERRA 360

NOTAL; (D) CANBERRA A-011 NOTAL

1. SUMMARY: NO ADDITIONAL LEGISLATION PLANNED FOR
NEW GOA TANKER POLICY. CONFLICT WITH TRADE PRACTICES
LAW STILL UNRESOLVED, AND OTHER POLICY DETAILS STILL
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TO BE WORKED OUT. NO OTHER EMBASSIES CONTACTED HAVE

COMPLAINED TO GOA, BUT SOME MAY EVENTUALLY DO SO.
EMBASSY RECOMMENDS USG MAKE REPRESENTATION TO REGISTER
COMPLAINT. ACTION REQUESTED: DEPARTMENT'S ASSESSMENT
OF WHETHER POLICY CONFLICTS WITH INVISIBLES CODE;
CRITERIA USED BY OTHER COUNTRIES TO DETERMINE ELIGIBILITY
OF SHIPS TO HAUL RESERVED CARGO; AND INDICATION OF
WHETHER AND HOW USG REPRESENTATION MIGHT BE MADE.
END SUMMARY.

2. EMBASSY OFFICER HAS DISCUSSED NEW GOA TANKER POLICY
WITH SMITH, ASSISTANT SECRETARY, DEPT. OF TRANSPORT (DOT),
CANBERRA. SMITH STATED THAT NO RPT NO LEGISLATION IS
CONTEMPLATED OR REQUIRED (REF A, PARA 2) TO IMPLEMENT
MINISTER JONES' OBJECTIVE OF RESERVING 40 PERCENT OF
PETROLEUM AND REFINERY FEEDSTOCK IMPORTS FOR "AUSTRALIAN
REGISTERED AND MANNED SHIPS OPERATED IN AUSTRALIAN-OWNED
SHIPPING COMPANIES," WITH PRIVATE COMPANIES AND
GOVERNMENT'S ANL SHARING THIS BUSINESS 50-50.
IMPLEMENTATION IS "MATTER OF PERSUASION," ACCORDING
TO SMITH, WHO ALSO CONCEDED THAT MANY DETAILS OF
POLICY ARE YET TO BE WORKED OUT. (ONE SUCH "DETAIL"
IS WHETHER POLICY REQUIREMENTS WOULD BE SATISFIED BY
"BAREBOAT" CHARTERS OF FOREIGN-OWNED VESSELS BY
AUSTRALIAN FIRMS, WHICH WOULD THEN MAN SHIPS WITH LOCAL
CREWS BUT CANNOT LEGALLY REGISTER THEM UNDER AUST. FLAG.
IN ANY CASE, SMITH DOUBTS THAT AUSSIE CREWMEN WOULD EVER
AGREE TO SERVE ON FOREIGN FLAG VESSEL UNDER ANY FORESEEABLE
CIRCUMSTANCE.) SMITH ALSO CONFIRMED RECENT PRESS REPORTS
THAT JONES' PROPOSAL THAT SHIPPING COMPANIES GET
TOGETHER AND DRAW UP COMMON PROPOSITION FOR ACHIEVING
HIS 40 PERCENT OBJECTIVE DOES RUN AFOUL OF GOA'S NEW
TRADE PRACTICES LAW. THIS LEGAL PROBLEM IS FAR FROM
RESOLVED, AND ATTORNEY-GENERAL'S DEPT. AND DOT ARE
STILL CONSIDERING WAYS TO GET AROUND IT, WHILE COMPANIES
SAY THEY WILL NOT GET TOGETHER UNTIL SOLUTION IS WORKED
OUT. SMITH EMPHASIZED HE DOES NOT THINK THIS PROBLEM
WILL DELAY JONES' TIMETABLE FOR IMPLEMENTATION BY END
OF 1976.

3. EMBASSY HAS ALSO QUERIED OTHER MISSIONS CONCERNED
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(BRITISH, NORWEGIAN, SWEDISH, WEST GERMAN, GREEK AND
JAPANESE) TO ASCERTAIN WHETHER THEY FEEL THEIR INTERESTS
ARE AFFECTED BY NEW POLICY AND WHETHER THEY HAVE VOICED
COMPLAINT TO GOA (REF A, PARA 2). GREEK CHARGE COULD
MAKE NO COMMENT AND ASKED FOR SEVERAL DAYS TO CHECK OUT
SITUATION. JAPANESE SHEEPISHLY ADMITTED GOJ IN "WEAK
POSITION" (I.E. JAPAN ALREADY RESERVES EVEN MORE THAN
AUSSIES PROPOSE TO RESERVE) AND WILL NOT COMPLAIN.

CONSENSUS EXPRESSED BY OTHER FOUR IS THAT THEIR GOVERNMENTS ARE ALL CONCERNED BUT HAVE NOT YET COMPLAINED, ALTHOUGH THIS REMAINS POSSIBILITY. ALL AGREED THAT NEW POLICY WOULD PROBABLY CONTRAVENE OECD INVISIBLES CODE. ONE REASON FOR LACK OF ACTION IS UNANIMOUS SKEPTICISM THAT POLICY ACTUALLY WILL BE IMPLEMENTED BY END OF 1976 BECAUSE OF HIGH COST TO GOA, INDUSTRY AND CONSUMERS.

4. FOLLOWING RECEIPT REF A, EMBOFF DISCUSSED SITUATION WITH JOHNSON, CALTEX AUSTRALIAN CHAIRMAN. HOHNSON RECOGNIZED USG MUST OPPOSE POLICY IN PRINCIPLE BUT STATED HIS IMMEDIATE OBJECTIVE IS NOT TO HAVE POLICY RESCINDED BUT TO HAVE CALTEX INCLUDED ON GOA'S LIST OF AUST. FIRMS ELIGIBLE TO SHIP THE RESERVED 40 PERCENT. JOHNSON CONCEDED HIS PROSPECTS LOOK VERY DIM, BUT HE DOES NOT SEEK EMBASSY INTERVENTION ON THIS POINT.

5. EMBASSY COMMENT: AS MATTER OF PRINCIPLE, EMBASSY BELIEVES WE SHOULD MAKE A LOW-KEY REPRESENTATION TO GOA DRAWING ON REF (A) PARAS 3 AND 4, TO REGISTER COMPLAINT ABOUT NEW POLICY. IT IS DIFFICULT TO ASSESS DEGREE OF DISADVANTAGE US FIRMS WILL SUFFER IF POLICY IS IMPLEMENTED, SINCE PRESENT OIL IMPORTS ARE CARRIED IN AN EVER-CHANGING MIX OF OIL COMPANY-OWNED VESSELS AND FLAGS OF CONVENIENCE TANKERS. NEVERTHELESS, TOTAL U.S. SILENCE AT THIS STAGE MIGHT ENCOURAGE ADDITIONAL GOA RESTRICTIVE SHIPPING POLICIESBMM RECENTLY GOA HAS BECOME INCREASINGLY PROTECTIONIST IN TRADE AND INVESTMENT AREAS. IF NEW TANKER POLICY DOES CONTRAVENE GOA OBLIGATIONS UNDER OECD INVISIBLES CODE, EMBASSY BELIEVES IT IS IMPORTANT THAT USG BE CLEARLY ON RECORD AS HAVING EXPRESSED THIS VIEW TO GOA.

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6. ACTION REQUESTED: EMBASSY WOULD APPRECIATE:
(A) HAVING DEPARTMENT'S ASSESSMENT OF WHETHER NEW GOA TANKER POLICY CONFLICTS WITH INVISIBLES CODE; (B) KNOWING CRITERIA E.G. FLAG ONLY OR FLAG PLUS NATIONALITY OF SHIP OWNERS USED BY COUNTRIES LISTED IN REF (A) PARA 5 TO DETERMINE ELIGIBILITY OF SHIPS TO PARTICIPATE IN RESERVED CARGO TRADE; AND (C) HAVING INDICATION OF WHETHER AND HOW DEPARTMENT MIGHT WANT TO MAKE REPRESENTATION TO GOA ON THIS MATTER.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARITIME LAW, PETROLEUM TRANSPORTATION, CARGO SHIPS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE084525
Document Source: CORE
Document Unique ID: 00
Drafter: EB/TT/MA:SVSMITH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750130-0773
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750452/aaaabwhk.tel
Line Count: 166
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 24492, 75 CANBERRA 497, 75 CANBERRA 360
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOA REQUIREMENT FOR 40 PERCENT OF OIL IMPORTS IN AUSTRALIAN TANKERS
TAGS: EWWT, ENRG, AS
To: BRUSSELS MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006